

ROYAL COMMISSION  
ON  
ATLANTIC ACCEPTANCE CORPORATION LIMITED  
EXHIBIT No. ....

PER..... REGISTRAR..... DATE.....

EVIDENCE GATHERED FOR THE  
REPORT  
of  
THE ROYAL COMMISSION  
APPOINTED TO INQUIRE INTO  
THE FAILURE  
of  
ATLANTIC ACCEPTANCE CORPORATION  
LIMITED

EXAMINATION FOR DISCOVERY OF MANFRED KAPP

Date of interview: January 6, 1966

Exhibit Number: 4158

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ROYAL COMMISSION  
ON

ATLANTIC ACCEPTANCE CORPORATION LIMITED

EXHIBIT No. 4158

PER VL REGISTRAR  
DATE 2.3.67

IN THE MATTER OF THE BANKRUPTCY OF ASSOCIATED CANADIAN  
HOLDINGS LIMITED, of the City of Toronto, in the  
County of York, Province of Ontario

EXAMINATION OF DISCOVERY OF MANFRED KAPP  
taken the 6th DAY OF JANUARY, 1966





ONTARIO

In The.....**SUPREME**.....Court Of.....**ONTARIO**.....

**IN BANKRUPTCY**

**BETWEEN:**

**IN THE MATTER OF THE BANKRUPTCY OF  
ASSOCIATED CANADIAN HOLDINGS LIMITED,  
of the City of Toronto, in the County  
of York, Province of Ontario. ~~plaintiff~~**

**AND**

**~~defendant~~**

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**EXAMINATION OF  
MANFRED KAPP**

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- ☐ FOR DISCOVERY
- ☐ ON AFFIDAVIT
- ☐ AS JUDGMENT DEBTOR
- ☐ DE BENE ESSE

**TAKEN      January 6th,      19 66.**

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The Royal Commission on Atlantic Acceptance Corporation,  
454 University Avenue.

JP:sp

IN THE SUPREME COURT OF ONTARIO  
IN BANKRUPTCY

IN THE MATTER OF THE BANKRUPTCY OF ASSOCIATED  
CANADIAN HOLDINGS LIMITED, of the City of  
Toronto, in the County of York, Province of  
Ontario.

This is the examination of MANFRED KAPP, under  
Section 121 of the Bankruptcy Act, taken in shorthand  
before Peter W. McHugh, C.S.R., Special Examiner, at  
his Chambers Suite 802 the Victory Building, 80 Richmond  
Street West, Toronto, Ontario, on the 6th day of  
January, 1966.

APPEARANCES:

D.E. BAIRD, ESQ.	for the Trustee,
J. POMERANT, ESQ.,	for the Witness.



MANFRED KAPP, sworn.

BY MR. BAIRD:

1 Q. What was your position with Associated  
2 Canadian Holdings Limited?

3 MR. POMERANT: Mr. Kapp, pursuant to  
4 Section 5 of the Canada Evidence Act and Section  
5 9 of the Ontario Evidence Act objects to answer  
6 this question on the ground his answer may tend  
7 to criminate him or may tend to establish his  
8 liability to a Civil proceeding at the instance  
9 of the Crown or of any person, or to prosecution  
10 under any Act of the Provincial Legislature.  
11 Mr. Kapp therefore claims the protection of  
12 Section 5 of the Canada Evidence Act and Section  
13 9 of the Ontario Evidence Act and any other  
14 relevant Evidence Acts of any Province in  
15 Canada.

16 So as not to interfere with the  
17 examination of Mr. Kapp, because all the  
18 questions in this examination would require  
19 answers by Mr. Kapp that may tend to criminate  
20 him or may tend to establish his liability in  
21 a Civil proceeding at the instance of the  
22 Crown or of any person, or to a prosecution  
23 under any Act of the Provincial Legislature,  
24 may it be accepted and admitted that Mr. Kapp  
25  
26  
27  
28  
29  
30

1 objects and is deemed to have objected to answer  
2 every question at this examination on the ground  
3 that his answers may tend to criminate him or  
4 tend to establish his liability to a Civil  
5 proceeding at the instance of the Crown, or  
6 of any person, or to a prosecution under any  
7 Act of the Legislature and that Mr. Kapp is  
8 claiming, and is deemed to have claimed the  
9 protection of Section 5 of the Canada Evidence  
10 Act and Section 9 of the Ontario Evidence Act  
11 and any other relevant section of any other  
12 Evidence Act for every answer given to every  
13 question asked at this examination.

14 Do you so admit all the foregoing to  
15 be and to have been done?

16 MR. BAIRD: Yes.

17 THE DEPONENT: My position was, I  
18 believe, Secretary or Treasurer, or Secretary-  
19 Treasurer.  
20

21 BY MR. BAIRD:

22 2 Q. The minute book indicates, Mr. Kapp,  
23 you were Vice-President and Treasurer of Associated  
24 Canadian Holdings Limited?

25 A. Yes.

26 3 Q. Would that be correct?

27 A. That would then be correct.  
28

29 4 Q. The minute book also indicates you  
30



1 became an officer and director of Associated  
2 Canadian Holdings as of June 27th 1963. Is  
3 that correct?

4 A. If it is stated in the book, I must  
5 assume it is correct.

6 5 Q. Will you state whether it is correct  
7 or not? I am prepared to allow you to examine  
8 the minute book of the company?

9 A. Where does it say I was treasurer?

10 6 Q. On page number 3 of the minutes of  
11 meeting of the directors held on June 27th 1963,  
12 the motion is that various officers be elected  
13 and they include Vice-President Manfred Kapp,  
14 Treasurer Manfred Kapp?

15 A. I apologize. I didn't see the Treasurer  
16 portion.

17 7 Q. Were you Vice-President and Treasurer  
18 of Associated Canadian Holdings Limited?

19 A. I was.

20 8 Q. Mr. Kapp, the minutes of the company  
21 also indicate that any two of you, Jack Tramiel,  
22 and Harry Wagman, were signing officers for  
23 the account kept by the company, Associated  
24 Canadian Holdings Limited, with the Canadian  
25 Imperial Bank of Commerce. Is that correct?

26 A. That's correct.

27 9 Q. Did the company have bank accounts with  
28 any other bank?

29 A. It had an account at the Bank of Nova  
30

1 Scotia, Toronto branch.

2  
3 10 Q. How long was this account opened?

4 A. I haven't got a clue. When the company  
5 was incorporated there was an account. What  
6 happened to it I couldn't tell you.

7 11 Q. There are unsigned minutes in the minute  
8 book covering accounts with the Toronto Dominion  
9 Bank. Was there an account with the Toronto  
10 Dominion Bank opened?

11 A. I don't know. I say the Bank of Nova  
12 Scotia.

13 12 Q. There is also unsigned minutes in the  
14 minute book for an account with the Royal Bank  
15 of Canada. Was there an account opened with the  
16 Royal Bank of Canada?

17 A. I don't know.

18 13 Q. Mr. Kapp, how many shares did you own  
19 in Associated Canadian Holdings Limited?

20 A. 84,357 common, and 42,178 preferred.

21 14 Q. I would like to show you a receipt dated  
22 May 22nd 1964. I would enter this as Exhibit 1  
23 in this examination. Did you sign this receipt?

24 A. This is a photocopy?

25 15 Q. Yes, it is a photostatic copy of a  
26 receipt. Did you sign the original?

27 A. Yes, I did.

28  
29 ---EXHIBIT NO. 1: Photostat copy of receipt dated May  
30 22nd 1964.



1 BY MR. BAIRD:

2 16 Q. Mr. Kapp, among other things, the  
3 receipt indicates that you received from Messrs.  
4 Solomon & Singer common share certificate number  
5 9 registered in your name for 84,356 common  
6 shares, and share certificate number 5 registered  
7 in your name for one common share of Associated  
8 Canadian Holdings Limited. Is that true?

9 A. Yes, I just stated. This is what I  
10 told you.

11 17 Q. But did you receive those share  
12 certificates from Messrs. Solomon & Singer?

13 A. Yes, I did.

14 18 Q. Did you also receive the preferred  
15 share certificate referred to in this receipt  
16 from Messrs. Solomon & Singer?

17 A. Yes, I did.

18 19 Q. Who is Estelle Kapp?

19 A. My wife.

20 20 Q. Did she also receive share certificates  
21 referred to in this receipt from Messrs. Solomon  
22 & Singer?

23 A. Yes, she did.

24 21 Q. Mr. Kapp, you have stated you were  
25 holder of 84,357 common shares of Associated  
26 Canadian Holdings and 42,178 preference shares.  
27 How did you pay for those shares?

28 A. I paid with Commodore Business Machines'  
29 shares.  
30

1 22 Q. Did you pay for them all with Commodore  
2 Business Machines' shares?

3 A. Yes.

4 23 Q. The records of the company indicate  
5 that you transferred certain shares of Calvert  
6 Dale Estates to the company instead of shares  
7 of Commodore Business Machines?

8 A. That is not correct.

9 24 Q. Under the terms---

10 MR. POMERANT: What he is saying, Mr.  
11 Baird, is that the records of the company may  
12 well indicate that but that is not what he did.

13 MR. BAIRD: I can understand what he  
14 says, Mr. Pomerant.

15  
16 BY MR. BAIRD:

17 25 Q. Mr. Kapp, I would like to refer you  
18 to minutes of meeting of the Board of Directors  
19 of Associated Canadian Holdings Limited dated  
20 February 13th, 1964. To summarize those minutes,  
21 those minutes indicate that certain of the  
22 shareholders would be transferring shares of  
23 Commodore Business Machines (Canada) Limited to  
24 Associated Canadian Holdings Limited and that  
25 those shares were valued at \$3.50 a share.  
26 In turn, the shareholders would receive one  
27 common share of Associated Canadian Holdings  
28 Limited and one-half a preference share for  
29 each common share of Commodore Business Machines  
30



1 (Canada) Limited transferred to the company.

2 Is that right?

3 A. Yes, it is correct.

4 26 Q. The minutes indicate that, in order  
5 to receive 42,178 preference shares and 84,356  
6 common shares, you would require to transfer  
7 to Associated Canadian Holdings Limited 84,356  
8 common shares of Commodore Business Machines  
9 (Canada) Limited. Is that correct?

10 A. That is correct.

11 27 Q. Did you transfer to Associated Canadian  
12 Holdings Limited 84,356 common shares of  
13 Commodore Business Machines (Canada) Limited?

14 A. They appear to have been transferred,  
15 yes.

16 28 Q. Did you transfer them?

17 A. I didn't transfer them, no. They  
18 weren't in my possession at the time but they  
19 were transferred.

20 29 Q. Who transferred them?

21 A. Mr. Morgan and Mr. Wagman had them in  
22 their possession.

23 30 Q. Did you instruct them to transfer them  
24 to Associated Canadian Holdings Limited?

25 A. I authorized them.

26 31 Q. Did they in fact transfer them to  
27 Associated Canadian Holdings Limited?

28 A. It appears they did.

29 32 Q. Did they?

30

1 A. I received the shares of Associated.

2 33 Q. What other proof have you that they  
3 transferred the shares to Associated Canadian  
4 Holdings Limited?

5 MR. POMERANT: What other proof would  
6 he have?

7  
8 BY MR. BAIRD:

9 34 Q. I am asking what proof do you have that  
10 they transferred them to Associated Canadian  
11 Holdings Limited?

12 A. The only proof I have that Mr. Wagman,  
13 who was taking care of the books and was  
14 responsible, authorized the issue of the shares  
15 of Associated.

16 35 Q. But you have no other proof that shares  
17 were in fact transferred to Associated Canadian  
18 Holdings Limited. Is that correct?

19 A. No physical proof, no. I have nothing.

20 36 Q. Under the terms of the minutes, Estelle  
21 Kapp was required to transfer to Associated  
22 Canadian Holdings Limited 11,700 shares of  
23 Commodore Business Machines. Did she in fact  
24 transfer those shares to Associated Canadian  
25 Holdings Limited?

26 A. Transferred in the same manner as mine.

27 37 Q. She herself did not transfer the shares  
28 to Associated Canadian Holdings Limited?

29 A. No.  
30



1  
2 38 Q. And you didn't transfer them on her  
3 behalf?  
4 A. No.  
5 39 Q. Did she instruct Mr. Morgan to transfer  
6 them to Associated Canadian Holdings Limited?  
7 A. She authorized him to transfer them,  
8 yes.  
9 40 Q. Did he transfer them for her?  
10 A. I would assume so.  
11 41 Q. Do you know whether he did or not.  
12 MR. POMERANT: Just a moment. Mr. Kapp--  
13 MR. BAIRD: Allow Mr. Kapp to answer.  
14 MR. POMERANT: You expect Mr. Kapp to  
15 answer a question the answer to which he cannot  
16 properly give you.  
17 MR. BAIRD: Let Mr. Kapp explain why he  
18 cannot properly give it to me.  
19 MR. POMERANT: I am prepared to let Mr.  
20 Kapp do just that. I would like Mr. Kapp now to  
21 outline to Mr. Baird why it was that the shares  
22 were not in your possession. Firstly, were the  
23 shares of your wife in her possession, firstly.  
24 THE DEPONENT: The shares of Commodore,  
25 before they were made public, were in the  
26 possession of Mr. Morgan as Trustee to guarantee  
27 a loan which Commodore had with -- I believe it  
28 was Commodore Sales Acceptance, the subsidiary  
29 company.  
30

1 BY MR. BAIRD:

2 42 Q. When you refer to "Commodore" you are  
3 referring to Commodore Business Machines (Canada)  
4 Limited?

5 A. Commodore Business Machines (Canada)  
6 Limited. It wasn't Commodore Business Machines  
7 but the same company -- Commodore Portable  
8 Typewriters -- at the time had loans with  
9 Commodore Sales and all the shares were put up  
10 for security for those loans.

11 MR. POMERANT: All of whose shares, Mr.  
12 Kapp?

13 THE DEPONENT: All of our personal  
14 shares, mine and my wife's.

15  
16 BY MR. BAIRD:

17 43 Q. You are referring, I believe, to the  
18 84,356?

19 A. No, I am not referring -- I am referring  
20 to my shares.

21 44 Q. Did you own more than 84,356 shares  
22 of Commodore Business Machines?

23 A. I did not own 84,356 shares. Shares  
24 were converted prior to the company going public  
25 so there were less shares in physical amount.

26 45 Q. But did you own the equivalent of  
27 84,356 shares, or more at that time?

28 A. I don't know. I can't answer you  
29 whether there were more shares. All the shares  
30



1 I owned.

2 MR. POMERANT: In other words, before  
3 the company went public and while it was Commodore  
4 Portable Typewriters.

5 THE DEPONENT: All the shares with the  
6 exception of one nominal share were turned over  
7 to Mr. Morgan and the amount, I think, is  
8 irrelevant to my mind. All is all.

9  
10 BY MR. BAIRD:

11 46 Q. Yes, but did "all" involve more than  
12 84,356 shares?

13 MR. POMERANT: Let's take it chronologic-  
14 ally.

15  
16 BY MR. BAIRD:

17 47 Q. When you say Mr. Morgan held all your  
18 shares, what were all your shares?

19 A. He held all my shares at that particular  
20 time. If you want to start at the beginning, or  
21 start at the end.

22 MR. POMERANT: I want Mr. Kapp to be  
23 able to thoroughly answer this question. I  
24 would appreciate if you would allow him.

25 MR. BAIRD: I want to allow him to  
26 speak.

27 MR. POMERANT: He can only do so if  
28 he is allowed to speak.  
29  
30

1 THE DEPONENT: Mr. Morgan had all the  
2 shares that I owned with the exception of one  
3 share of Commodore Business Machines -- call it  
4 Commodore Business Machines. It was Commodore  
5 Portable Typewriter at the time. When the  
6 company went public, the new shares of Commodore  
7 Business Machines which were owned went into  
8 escrow with the Eastern Trust and at that time,  
9 or a little bit after the shares were in escrow,  
10 Mr. Morgan released himself from the trust so  
11 now the shares were now under the control of  
12 the Eastern Trust with the exception of 10% of  
13 the shares which were received and those shares  
14 went back to Mr. Wagman as security for a loan.  
15

16 BY MR. BAIRD:

17 48 Q. Why would they go back to Mr. Wagman?

18 A. As security for a loan to Aurora  
19 Leasing.  
20

21 49 Q. Who made the loan? Who borrowed the  
22 money from Aurora Leasing Corporation Limited?

23 A. I did.

24 50 Q. Did you personally borrow the money  
25 from Aurora Leasing Corporation Limited?

26 A. Not personally, but Morgan and Tramiel.

27 51 Q. The three of you borrowed the money  
28 from Aurora Leasing Corporation Limited?

29 A. Yes.

30 52 Q. How much did you borrow from Aurora



1 Leasing Corporation Limited?

2 A. I thought you wanted the story of the  
3 shares?

4 53 Q. I do.

5 A. We are talking about Associated Canadian  
6 Holdings not about my private shares so the  
7 \$100,000.00 loan is irrelevant.

8 54 Q. I am concerned with whether or not  
9 in fact---

10 A. We are talking about the shares?

11 55 Q. Yes.

12 A. You are talking about the shares and  
13 where they are.

14 56 Q. I wanted to know where they were on  
15 January 13th 1964?

16 A. It has nothing to do with the loan.

17 57 Q. You were the one that mentioned the  
18 loan, not me.

19 A. Fine, but you wanted to know about the  
20 loan, or do you want to know about the shares?

21 58 Q. I wanted to know where the 84,356  
22 shares---

23 A. You won't let me.

24 MR. POMERANT: Just a moment, Mr. Baird.

25  
26 ---Off the record discussion.

27  
28 THE DEPONENT: So now, part of the  
29 shares are as security with Aurora Leasing and  
30

1 part of the shares are with Eastern Trust in  
2 escrow. As the shares were released from escrow,  
3 they wound up again in the hands of Mr. Morgan.  
4 The shares were released and turned over and  
5 Mr. Wagman, I believe, had the physical possession  
6 of the shares. He was just keeping them for  
7 safety purposes.  
8

9 BY MR. BAIRD:

10 59 Q. What do you mean "for safety purposes,"  
11 Mr. Kapp? Were they pledged as security for a  
12 loan, or were you entitled to the shares at  
13 any time?

14 A. I was entitled to the shares, yes but  
15 I couldn't get them.

16 60 Q. Why?

17 A. Every time I asked for them there was--  
18 Mr. Morgan theoretically was holding the shares.  
19 We were depending on Morgan for the operation of  
20 Commodore Business Machines and the shares were  
21 just left where they were. They were safe. We  
22 had no reason to doubt Morgan and Wagman and they  
23 were left there but they were in their physical  
24 possession.  
25

26 61 Q. In whose name were they registered?

27 A. They were registered in my name. Mr.  
28 Wagman had Powers of Attorney.

29 62 Q. Please continue?

30 A. Subsequently when Associated Canadian



1 was formed the shares went into it with the  
2 exception of 3,000 shares which I got back.

3 63 Q. Did Mr. Wagman hold 84,356 shares of  
4 Commodore Business Machines registered in your  
5 name at that time, on February 13th 1964?

6 A. No.

7 64 Q. How many did he hold -- more than that  
8 amount?

9 A. I can't give you the exact figure. It  
10 was around 74,000.

11 65 Q. Where were the other 10,000 shares?

12 A. They went subsequent.

13 66 Q. You mean as of February 13th 1964,  
14 you didn't own 84,356 shares?

15 A. Yes, at that date I owned them.

16 67 Q. You did not own them?

17 A. I did own them.

18 68 Q. I asked you - to clarify your answer,  
19 you said Mr. Wagman held 74,356 shares, approx-  
20 imately 74,000?

21 A. And then 13,000 shares were acquired.

22 69 Q. Back?

23 A. Yes.

24 70 Q. And they were held by you?

25 A. No, I never seen the shares.

26 71 Q. How were they acquired?

27 A. By Mr. Morgan and went directly into  
28 Associated. Associated paid for them and I  
29 subsequently repaid Associated.  
30

1 72 Q. Did you repay for them?

2 A. You don't pay for the shares.

3 73 Q. You didn't pay for the shares then  
4 originally?

5 A. Not at the time, no.

6 74 Q. When did Associated acquire them?

7 A. You have the books. There was an  
8 amount due by me of \$14,600.00 to Associated  
9 Canadian Holdings.

10 MR. POMERANT: Did you pay that  
11 indebtedness to Associated Canadian Holdings?

12 THE DEPONENT: Yes, I paid that  
13 indebtedness plus the \$1500.09 tax.

14

15 BY MR. BAIRD:

16 75 Q. What date did this occur?

17 A. I can't tell you again. You have the  
18 books. You should be able to.

19 76 Q. I don't have the books with me today.

20 MR. POMERANT: Neither does Mr. Kapp.

21 THE DEPONENT: I paid it.

22

23 BY MR. BAIRD:

24 77 Q. Did you incur it prior to February  
25 14th 1964?

26 A. I don't recall when but I was told  
27 at the beginning, or just before Associated was  
28 incorporated or afterwards. I don't recall.  
29 The shares were taken over by Mr. Morgan to  
30



1 Associated Canadian Holdings but Associated  
2 Canadian Holdings paid them on my behalf.  
3 Associated Canadian Holdings gave me, or  
4 allocated shares to me for those shares and I  
5 repaid Associated Canadian Holdings Limited.

6 78 Q. Therefore the shares which were purchased  
7 by Associated Canadian Holdings -- this trans-  
8 action occurred before you received the share  
9 certificates of Associated Canadian Holdings,  
10 prior to the receipt of May 22nd 1964. Is  
11 that correct?

12 A. When I received the shares Associated  
13 had received the equivalent Commodore Shares.

14 79 Q. You thought Associated had received  
15 the equivalent of Commodore shares. Is that  
16 correct?

17 A. I told you before, as far as I knew,  
18 they received them.

19 MR. POMERANT: Again, if I may just  
20 one further question to further qualify this  
21 whole share situation. What, in your opinion,  
22 Mr. Kapp, was the reason why you could not have  
23 the physical possession of the Commodore shares  
24 at any time except for those shares, the 3,000  
25 share you mentioned which were taken out.

26 THE DEPONENT: We didn't have the physical  
27 possession of the shares because the Commodore  
28 Business Machines was dealing with Commodore  
29 Sales Acceptance and were dependent on the company  
30

1 for the lending of money and therefore the  
2 shares were always kept by Mr. Morgan or  
3 one of his persons and we were depending on  
4 him. We trusted him and he requested us that  
5 they be left this way and we left them.

6 MR. POMERANT: So that in order for  
7 the Associated Canadian Holdings transaction  
8 to take place whereby you exchanged Commodore  
9 shares for Associated Canadian Holdings Limited  
10 shares, is it a correct summary of your evidence  
11 that from your point of view, the Commodore  
12 shares were never in your possession and transfers  
13 were made in fact by Mr. Morgan to Associated  
14 Canadian Holdings Limited who would be Mr.  
15 Wagman?

16 THE DEPONENT: Yes.

17 MR. POMERANT: And you presumed this  
18 would be done?

19 THE DEPONENT: I would presume this  
20 would be done.

21 MR. POMERANT: In light of the fact  
22 you received your Associated Canadian Holding  
23 Limited shares.

24 THE DEPONENT: And shares were received  
25 because Mr. Wagman calculated what people were  
26 entitled for and authorized Solomon & Singer to  
27 issue the shares.  
28  
29  
30



1 BY MR. BAIRD:

2 80 Q. The books of account indicate that  
3 rather than having 315,600 shares of Commodore  
4 Business Machines transferred to Associated  
5 Canadian Holdings Limited, in fact there were  
6 only 215,600 shares of Commodore Business Machines  
7 transferred to Associated Canadian Holdings  
8 Limited; that there were 100,000 shares of  
9 Dale Estates transferred to Associated Canadian  
10 Holdings Limited plus \$50,000.00 cash. Mr.  
11 Tramiel has stated that you and he sold 100,000  
12 shares of Commodore Business Machines to Messrs.  
13 Morgan, Wagman, and Walton for 100,000 shares of  
14 Dale Estates Limited and \$50,000.00 cash. Is  
15 that correct?

16 MR. POMERANT: With great respect,  
17 Mr. Baird, I don't think Mr. Tramiel said that  
18 at all.

19 MR. BAIRD: Yes, he did in his examination.  
20 He said this is the transaction me and Mr.  
21 Kapp entered into with Messrs. Walton, Wagman,  
22 and Morgan.

23 MR. POMERANT: Can you point that out  
24 to me in the transcript?

25 MR. BAIRD: I am referring to page  
26 107 and page 108.

27 MR. POMERANT: That isn't what Mr.  
28 Tramiel said at all.

29 MR. BAIRD: He was asked if there was  
30

1 some kind of transaction of this nature and he  
2 said yes.

3 MR. POMERANT: He didn't say that he  
4 and Mr. Kapp sold those to Messrs. Morgan, Wagman  
5 and Walton, as a matter of fact what he did  
6 say was that there was a transaction of this  
7 nature that occurred but that it was a Morgan  
8 transaction, not a Kapp and Tramiel transaction.

9 MR. BAIRD: No.

10 MR. POMERANT: Yes.

11 MR. BAIRD: I will ask Mr. Kapp about  
12 the transaction. We are not going to argue  
13 over what Tramiel said.

14 MR. POMERANT: We did have Mr. Tramiel  
15 under oath. I appreciate that.

16  
17 BY MR. BAIRD:

18 81 Q. Mr. Kapp, did you and Mr. Tramiel  
19 sell 100,000 shares of Commodore Business Machines  
20 to Messrs. Walton, Morgan and Harry Wagman  
21 for 100,000 shares of Dale Estates and \$50,000.00  
22 cash?

23 A. There was a transaction made by Mr.  
24 Morgan with Mr. Morgan.

25 82 Q. I am asking if you sold those shares?

26 A. I am trying to answer the question.  
27 You want the answer and you question afterwards.  
28 There was a transaction made by Mr. Morgan with  
29 Mr. Morgan on our behalf but as far as I am  
30



1 concerned my understanding was that the shares  
2 of Commodore that were owned, were turned over  
3 to Associated. We received Associated shares.  
4 What transaction took place, I had nothing to  
5 do with. I never owned any Dale shares and I  
6 didn't get no \$50,000.00, and if I did, I would  
7 be pleased to show it to you.

8  
9 83 Q. Are you telling me you did not enter  
10 into this transaction? You did not authorize it?

11 A. No, I did not.

12 84 Q. And it was done without your knowledge?

13 A. That's correct. I know about it because  
14 I found out about it later.

15 MR. POMERANT: You will notice there  
16 on page 108 of Mr. Tramiel's evidence, he said,  
17 after he said "There was some kind of transaction  
18 of this nature, yes, the next question is---

19 MR. BAIRD: Mr. Pomerant, we don't need  
20 to fill this transcript with what Mr. Tramiel  
21 said in his. I can read it as well as you.

22 MR. POMERANT: I am not sure if you  
23 can, Mr. Baird. You have filled this transcript  
24 with part of what Mr. Tramiel said. I would like  
25 to add just this one line and that is that Mr.  
26 Tramiel stated to the question "What was the  
27 reason for the transaction?" His answer was  
28 "So Mr. Morgan could make some additional money.

29 Q. How would he make some additional money?

30 A. I don't know exactly how but I know we

1 sold for less and bought for more."

2  
3 BY MR. BAIRD:

4 85 Q. Did you receive 100,000 shares of  
5 Dale Estates?

6 A. 100,000 shares? I have stated I did  
7 not own any shares of Dale Estates.

8 86 Q. You did not receive \$50,000.00 from  
9 Messrs. Walton, Wagman and Morgan?

10 A. I did not receive \$50,000.00.

11 87 Q. Mr. Kapp, I understand that a dividend  
12 of \$39,450.00 was paid by Associated Canadian  
13 Holdings Limited on its preferred shares on  
14 February 28th 1965. Did you receive your share  
15 of this dividend?

16 A. I received a dividend. I assume it  
17 was my share.

18 88 Q. Did you receive a dividend at this  
19 time?

20 A. What date was it?

21 89 Q. February 28th 1965?

22 A. Possibly about that time. I received  
23 one dividend.

24 MR. POMERANT: Mr. Baird, I wonder if  
25 I can put on the record as well, Mr. Kapp's  
26 response to the question of what he actually  
27 received beneficially out of Associated  
28 Canadian Holdings Limited.  
29  
30



1 MR. BAIRD: I don't understand you,  
2 Mr. Pomerant.

3 MR. POMERANT: If you felt, Mr. Kapp,  
4 that the shares were not yours, how and why  
5 did you come to receive a dividend which you  
6 apparently received beneficially?

7 THE DEPONENT: I don't follow your  
8 question.

9  
10 --Off the record discussion.

11  
12 THE DEPONENT: Because it was still  
13 my shares that went into Associated. Morgan  
14 was operating the company but my shares of  
15 Commodore went in to Associated Canadian  
16 Holdings.

17  
18 BY MR. BAIRD:

19 90 Q. On July 1st 1963, was there an agree-  
20 ment between Associated Canadian Holdings  
21 Limited and yourself, Estelle Kapp, Jack  
22 Tramiel, Helen Tramiel, Benjamin Silberman,  
23 Regina Silberman, C. Powell Morgan, Mildred  
24 Morgan and Harry Wagman that those shareholders  
25 would have the right to re-purchase shares  
26 transferred by them, shares of Commodore Business  
27 Machines, transferred by them to Associated  
28 Canadian Holdings Limited for a price of \$3.50  
29 a share?  
30

1 A. There was no agreement.

2 91 Q. Mr. Kapp, I would like to show you  
3 financial statement of Associated Canadian  
4 Holdings Limited. I would enter this as  
5 Exhibit Number 2.

6  
7 ---EXHIBIT NO. 2: Financial statement of Associated  
8 Canadian Holdings Limited as of  
9 June 30th 1964.

10 BY MR. BAIRD:

11 92 Q. This is a photostatic copy of a  
12 financial statement of Associated Canadian  
13 Holdings Limited as of June 30th 1964. Did  
14 you sign this report, Exhibit Number 2?

15 A. I don't know. Show me the original  
16 and I can tell you.

17 93 Q. Is that your signature?

18 A. It is a photocopy. If you give me  
19 the original, I can tell you. If it is a  
20 copy---

21 94 Q. I don't have the original?

22 A. I can't answer on the photocopy whether  
23 it is my signature or not.

24 95 Q. Is there any reason to doubt it to be  
25 your signature?

26 A. I don't know. I wanted to see the  
27 original.

28 96 Q. I show you a photocopy with notation  
29 on the second page. Have you any reason to  
30



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doubt that is not your signature?

A. I have no reason whatever but before answering on a signature of what you signed, I would like to see the original where I signed.

97 Q. Did you sign the original financial statement of Associated Canadian Holdings Limited?

A. I don't recall. If I did recall, I can answer you on the photocopy. If I don't recall the original, I can't answer you on the photocopy.

98 Q. Mr. Kapp, the photocopy indicates that there is a note to the financial statement and this note provides number one, the company has entered into an agreement dated July 1st 1963 whereby an option was granted to purchase 215,600 shares of Commodore Business Machines at \$3.50 per share, the said option to expire June 30th 1965. The company security portfolio includes those shares valued at \$3.50. Is that true?

A. You asked the question before. I told you there was no agreement.

99 Q. Was this note on the financial statement of Associated Canadian Holdings Limited as of June 30th 1964?

A. I don't know. I wish you would show me the original.

100 Q. Did you see the financial statement of

1 Associated Canadian Holdings Limited as of  
2 June 30th 1964?

3 A. I have seen some financial statement,  
4 yes.

5 101 Q. Did you see this particular financial  
6 statement?

7 A. I don't recall.

8 102 Q. Did you purchase any shares of  
9 Commodore Business Machines (Canada) Limited  
10 from Associated Canadian Holdings Limited  
11 at \$3.50 per share?

12 A. No, I did not.

13 103 Q. Did your wife purchase any shares---

14 A. No, she did not.

15 104 Q. ---of Associated Canadian Holdings  
16 Limited. Let me finish my question. Did  
17 your wife purchase any shares of Commodore  
18 Business Machines from Associated Canadian  
19 Holdings Limited at \$3.50 per share?

20 A. She did not.

21 105 Q. Did you authorize any other person  
22 to purchase shares of Commodore Business  
23 Machines (Canada) Limited from Associated  
24 Canadian Holdings Limited at \$3.50 per share?

25 A. Not that I remember.

26 106 Q. Mr. Kapp, I would like to show you  
27 a copy of letter to Barret, Goodfellow & Company  
28 dated November 20th 1964. I would enter that  
29 as Exhibit Number 3. There is a notation on  
30



1 the bottom of this dated December 17th to H.  
2 Wagman "This is your authority to write same  
3 letter as above to B.G. & Company for  
4 another 40,000 shares."  
5 Did you initial this memorandum?  
6 A. It appears to be my initial.  
7 107 Q. Is it your initial?  
8 A. I don't know. I said it appears to  
9 be.  
10 108 Q. Did you sign it?  
11 A. I am not a handwriting expert. I don't  
12 remember signing it.  
13 109 Q. This letter indicates that Associated  
14 Canadian Holdings Limited, on November 20th,  
15 1964 authorized the transfer of 40,000 of  
16 Commodore Business Machines shares to the  
17 account of C. Powell Morgan. Were you aware  
18 of this?  
19 A. There was some transfers back and  
20 forth between Morgan and the company.  
21 110 Q. Why were those transfers made?  
22 A. I don't know.  
23 111 Q. Did you authorize the transfers?  
24 A. No.  
25 112 Q. Did you consent to them?  
26 A. I didn't consent. I didn't object.  
27 I was not operating the company.  
28 113 Q. Did you know those transfers were  
29 taking place?  
30

1 A. I knew there were some transfers.

2 114 Q. What were the reasons for the  
3 transfers?

4 A. I don't know.

5 115 Q. Did you ever ask what the reasons for  
6 the transfers were?

7 A. No, I didn't ask.

8 116 Q. If you signed this notation on Exhibit  
9 Number 3, did you sign it without asking the  
10 reason for it?

11 A. I did sign from time to time documents  
12 without asking because I was asked to sign.

13 117 Q. Who asked you to sign them?

14 A. Mr. Wagman, Mr. Morgan.

15 MR. POMERANT: Whose handwriting is  
16 the notation in, to the best of your knowledge,  
17 Mr. Kapp, Exhibit Number 3?

18 THE DEPONENT: It appears to be Mr.  
19 Wagman's signature. I couldn't say definitely  
20 but it appears to be.

21

22

23 BY MR. BAIRD:

24

25 118 Q. You had no discussion with anyone  
26 concerning the transfer of those shares to  
27 C. Powell Morgan?

28 A. I did not have too many discussions  
29 with anybody regarding Associated Canadian  
30 Holdings Limited.

119 Q. Did you have any discussion with anybody

30



1 regarding the transfer of those shares to  
2 C. Powell Morgan?

3 A. I said I didn't particularly recall  
4 this transaction.

5 120 Q. Mr. Kapp, I have been advised that  
6 Commodore Business Machines paid a 5% share  
7 dividend to its shareholders as of December  
8 31st, 1964. Is that correct?

9 A. That is correct.

10 121 Q. I have been advised, Mr. Kapp, that  
11 you received a 5% share dividend from  
12 Commodore Business Machines on certain shares  
13 which were owned by Associated Canadian Holdings  
14 Limited. Is that correct?

15 A. That is not correct.

16 MR. POMERANT: I am sorry, what did  
17 you say? I missed it.

18 THE DEPONENT: I said to my recollec-  
19 tion it isn't correct that I received any  
20 dividend for shares belonging to Associated  
21 Canadian Holdings Limited.

22  
23 BY MR. BAIRD:

24 122 Q. I have been advised by Mr. Lando  
25 that you received 5% dividend from Commodore  
26 Business Machines on the basis of you having  
27 re-purchased from Associated Canadian Holdings  
28 Limited certain shares of Commodore Business  
29 Machines (Canada) Limited. Is that correct?  
30

1 MR. POMERANT: I notice in the  
2 transcript of Mr. Tramiel, that you stated Mr.  
3 Lando knew nothing of the workings of Associated  
4 Canadian Holdings Limited, had nothing to do  
5 with Associated Canadian Holdings Limited.

6 MR. BAIRD: I did not say that.

7 MR. POMERANT: It is in the transcript.

8 MR. BAIRD: Mr. Lando kept the books  
9 of account of Associated Canadian Holdings  
10 Limited. He swore to this under oath.

11 MR. POMERANT: I thought that is what  
12 the situation was and I just wanted to clarify  
13 that position. I can find it for you.

14  
15 BY MR. BAIRD:

16 123 Q. Please answer my question?

17 A. May I have the question again?

18 THE REPORTER: "I have been advised  
19 by Mr. Lando that you received a 5% dividend  
20 from Commodore Business Machines on the basis  
21 of you having re-purchased from Associated  
22 Canadian Holdings Limited certain shares of  
23 Commodore Business Machines (Canada) Limited.  
24 Is that correct?"

25 THE DEPONENT: It is not correct.

26 MR. POMERANT: Is that the transaction  
27 Mr. Baird, pursuant to this alleged option?

28 MR. BAIRD: That is correct.  
29  
30



1 BY MR. BAIRD:

2 124 Q. I am advised you received 1800 shares  
3 of Commodore Business Machines pursuant to the  
4 stock option. Is that correct?

5 A. I received what?

6 125 Q. 1800 shares of Commodore Business  
7 Machines pursuant to the stock option. Is  
8 that correct?

9 A. Which stock option are you talking  
10 about?

11 126 Q. The 5% stock dividend which was issued  
12 by Commodore Business Machines?

13 A. I received from Commodore Business  
14 Machines some dividend in stock for which  
15 I was entitled to and again has nothing to  
16 do with Associated Canadian Holdings Limited.  
17 I don't know where Mr. Lando comes in.

18 127 Q. Mr. Lando stated that you received  
19 1800 shares of Commodore Business Machines  
20 pursuant to the 5% stock dividend. Of those,  
21 390 shares should have been transferred to  
22 Associated Canadian Holdings Limited and the  
23 balance of 410 shares which you were entitled  
24 to because you had re-purchased certain shares  
25 of Commodore Business Machines from Associated  
26 Canadian Holdings Limited. Is that true?

27 MR. POMERANT: Mr. Baird, I would like  
28 to say something at this time.

29 MR. BAIRD: Please, let your client answer the  
30

1 question and you can comment on it at a later  
2 stage.

3 MR. POMERANT: My client will answer  
4 the questions after I have discussed the  
5 situation with you. Mr. Lando is a member of  
6 the firm of Wagman, Fruitman & Lando, kept the  
7 books of account apparently of Associated  
8 Canadian Holdings Limited. Is it your position  
9 that -- firstly, before we get to that stage,  
10 you say that Mr. Lando has testified under oath  
11 that this was done. I presume he is testifying  
12 under oath pursuant to the books of account of  
13 Associated Canadian Holdings Limited. In other  
14 words does this indicate---

15 MR. BAIRD: I am only asking Mr.  
16 Kapp whether a statement which was made, or  
17 told to me, is true. I am not giving any basis  
18 for the statement. I am asking Mr. Kapp whether  
19 it is true or not. He can tell me whether it  
20 is true.

21 MR. POMERANT: He has told you on  
22 several occasions it is not true, that he did  
23 not receive any stock dividend, or dividend as  
24 a result of a stock option; that there was no  
25 stock option in existence, and now, I put to  
26 you the question, Mr. Baird, as to whether or  
27 not you are relying throughout this entire  
28 examination on other examinations on the veracity  
29 of Wagman, Fruitman & Lando. You can't play  
30



1 it both ways.

2 MR. BAIRD: I am not relying on  
3 anybody's veracity. I am trying to find that  
4 out.

5 MR. POMERANT: He has told you that  
6 five times. He has said there was no stock  
7 option.

8 MR. BAIRD: But he could have received  
9 the 5% stock dividend.

10 MR. POMERANT: He told you he received  
11 a dividend from Commodore Business Machines.

12 MR. BAIRD: This is no form for arguing.  
13 We are trying to find out what Mr. Kapp knows  
14 about this transaction.

15 MR. POMERANT: He has given you the answers.

16 MR. BAIRD: And I am trying to clarify  
17 some of his answers. This is all I am doing.  
18 I am not trying to argue my position with you  
19 because I don't think it is the proper form for  
20 doing this.

21 MR. POMERANT: I appreciate this, but  
22 on the other hand I don't believe it is proper  
23 for you to constantly put Mr. Lando's statements  
24 to Mr. Kapp. He has given an answer then you  
25 repeat it again. I am putting it to you there  
26 is not a general reliance on the veracity  
27 of the accounting firm that would lead you to  
28 suggest that what Mr. Lando says is the Gospel  
29 truth.  
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MR. BAIRD: I am asking Mr. Kapp what  
the truth is.

MR. POMERANT: He has told you what the truth  
is.

BY MR. BAIRD:

128 Q. Mr. Kapp, was there 7800 shares of  
Commodore Business Machines registered in the  
name of Estelle Kapp as of December 31st 1964?

A. I couldn't answer you.

129 Q. Were any shares of Commodore Business  
Machines registered in your name which were in  
fact lodged with someone else as of December  
31st 1964?

A. By whom?

130 Q. I am asking you whether in fact there  
were any shares of Commodore Business Machines  
registered in your name and lodged with someone  
else.

MR. POMERANT: I wonder what this has  
to do with the examination of Associated  
Canadian Holdings Limited.

BY MR. BAIRD:

131 Q. Because, according to the books of  
account, they are all assets of Associated  
Canadian Holdings Limited and dividends appear  
to have been received by Mr. Kapp on assets of  
Associated Canadian Holdings Limited.



1 A. Maybe I can clear this up so I can  
2 start to proceed. I made the statement that I  
3 did not receive any stock dividends from  
4 Commodore for shares which belonged to  
5 Associated Canadian Holdings Limited. It  
6 appears that my wife did receive 390 shares  
7 on the dividend from Commodore for shares which  
8 were apparently still in her name but belonging  
9 to Associated Canadian Holdings Limited.  
10 Does that clear up your question?

11 132 Q. Yes, it does. Did she transfer those  
12 shares to Associated Canadian Holdings Limited?

13 A. No, she did not.

14 133 Q. Does she still hold those shares?

15 A. Yes, she does. Do you think we could  
16 explain this situation?

17 MR. POMERANT: Yes, you explain that  
18 situation.

19 THE DEPONENT: I tried to receive the  
20 shares and we calculated what my wife was  
21 entitled to. I attempted to return the shares  
22 to Associated Canadian Holdings Limited but  
23 they told us to keep the 390 shares and in  
24 addition, gave my wife another 230 shares and  
25 I received 1,410 shares.  
26

27 BY MR. BAIRD:

28 134 Q. How did you receive those shares?

29 A. Associated Canadian Holdings Limited  
30

1                   turned them over to me because people running  
2                   the company decided to pass on some of the  
3                   shares to the shareholders.

4       135       Q.       Who decided this?

5                   A.       I assume Morgan and Wagman.

6       136       Q.       Did you take part in this decision?

7                   A.       No, I did not.

8       137       Q.       When was this decision made?

9                   A.       Prior to receiving the shares, I  
10                  assume.

11      138       Q.       Did you pay for those shares?

12                  A.       No.

13      139       Q.       You received, or your wife received  
14                  390 shares of Commodore Business Machines?

15                  A.       Yes, plus 230 directly from Associated  
16                  Canadian Holdings Limited.

17      140       Q.       Were they transferred to her by  
18                  Associated Canadian Holdings Limited, or  
19                  come directly from Commodore Business Machines?

20                  A.       They were transferred from Associated  
21                  Canadian Holdings Limited. You probably have  
22                  a receipt in your file.

23      141       Q.       Were they registered in the name of  
24                  Associated Canadian Holdings Limited prior to  
25                  their transfer to your wife?

26                  A.       No, they were in street form.

27      142       Q.       In whose name were they issued  
28                  originally by Commodore Business Machines?

29                  A.       All the shares that were turned over  
30



1 to my wife -- you must have the receipt on  
2 hand which would tell you in whose name the  
3 shares were in if anybody's name.

4 143 Q. Do you know in whose name they were?

5 A. I would have to look at the receipt  
6 again for my statement in whose name they  
7 were. They were properly endorsed shares.

8 144 Q. What about the shares transferred to  
9 you, the 1,410?

10 A. There were various shares, a whole  
11 list of shares in different amounts.

12 145 Q. They were transferred to you by  
13 Associated Canadian Holdings Limited?

14 A. Yes, the total amount of 1,640 shares  
15 were turned over to me.

16 146 Q. When was this done?

17 A. About February 10th 1965.

18 147 Q. From whom did you receive these  
19 shares? What person gave you the shares?

20 A. I think it was Mr. Lando or Mr.  
21 Wagman. I do recall I signed a receipt for  
22 the shares.

23 148 Q. Mr. Kapp, I understand there were  
24 5,000 shares of Five Wheels Limited delivered  
25 to you on December 4th, 1964. Why was this  
26 done?

27 A. I was going to Germany and was  
28 requested to deliver them to Hugo Oppenheim  
29 Und Sohn Bank in Berlin.  
30

- 1 149 Q. Who requested you to do this?  
2 A. Mr. Wagman.  
3 150 Q. What reason did he give you for doing  
4 this?  
5 A. He wanted me to deposit them at the  
6 bank there.  
7 151 Q. Did he give you any reason for this?  
8 A. Yes, he thought that the bank would  
9 sell it for them.  
10 152 Q. What happened to those? What did you  
11 do with those shares?  
12 A. I forgot to deliver them and when I  
13 came back, I had them in my briefcase. I  
14 put them in my safe and they were left there  
15 until somebody asked for them, and I went  
16 looking in the safe, found them, and turned  
17 them over to Associated Canadian Holdings  
18 Limited and you have a receipt from Mr. Wilson.  
19 153 Q. Was a share certificate covering  
20 5,000 shares always in your possession between  
21 the date it was delivered to you on December  
22 4th 1964 and the date you turned it over to  
23 Mr. Wilson of the Clarkson Company Limited?  
24 A. Well, it was in the company, Commodore's,  
25 safe.  
26 154 Q. Mr. Kapp, I would like to show you  
27 an invoice of Provincial Envelope dated  
28 September 9th 1963 of Associated Canadian  
29 Holdings Limited and I would enter that as  
30



1 Exhibit 4. Can you tell me the circumstances  
2 surrounding this invoice being issued?

3 A. I don't remember the circumstances.  
4 I presume Associated must have ordered something  
5 or other going back to September 1963. It  
6 appears they ordered some sort of envelope.

7  
8 ---EXHIBIT NO. 4: Invoice from Provincial Envelope  
9 dated September 9th 1963.

10  
11 BY MR. BAIRD:

12 155 Q. It appears from this invoice that  
13 Associated Canadian Holdings Limited ordered  
14 120,000 envelopes. Why would Associated  
15 Canadian Holdings Limited need 120,000 envelopes?

16 A. I could not answer you.

17 156 Q. Did Associated Canadian Holdings  
18 Limited ever send out a mailing?

19 A. I don't know.

20 MR. POMERANT: Did you order the  
21 envelopes?

22 THE DEPONENT: No, I did not order  
23 the envelopes.

24  
25 BY MR. BAIRD:

26 157 Q. Is this your initials on the bottom  
27 of this invoice?

28 A. That is my handwriting, my initial.

29 158 Q. Did you approve payment of this  
30

1 invoice?

2 A. Yes, I did. Mr. Morgan asked me to  
3 sign the invoice.

4 159 Q. Why did you approve payment of the  
5 invoice when you did not know what the invoice  
6 was for?

7 MR. POMERANT: I think again, in  
8 order to fully answer that, I would like you,  
9 at this time, to explain how you came to be  
10 involved in Associated Canadian Holdings  
11 Limited, what Mr. Morgan's position was, and  
12 why he may have authorized those things right  
13 from the beginning, please.

14 THE DEPONENT: We can pick up from  
15 the time Commodore Business Machine shares that  
16 I own were in escrow with the Eastern Trust and  
17 Mr. Morgan came up with the idea to form a  
18 company called Associated Canadian Holdings  
19 Limited for the purpose of pooling a certain  
20 amount of people's shares of Commodore  
21 Business Machines and hold them there and  
22 possibly make some further investments. I  
23 was not in favour of joining the group but the  
24 shares were not in my possession and I was  
25 convinced that it would be for the benefit  
26 of Commodore Business Machines if I went along,  
27 for the benefit of Commodore Business Machines,  
28 so the fact that Commodore was depending on  
29 Mr. Morgan and his company for loans, and we  
30



1 needed the continued support of Mr. Morgan,  
2 I was advised that I should go along. I finally  
3 decided to go along. The shares were trans-  
4 ferred to Associated of which I retained 3,000  
5 shares which I stated before, and the company  
6 from then on in, was operated by Mr. Morgan  
7 but Mr. Wagman and I did not take too much  
8 particular interest in the company and then  
9 basically, Mr. Morgan was operating the company.  
10

11 BY MR. BAIRD:

12 160 Q. Why did you authorize payment of  
13 this invoice, Exhibit Number 4?

14 A. Well, the invoice was turned over to  
15 me by Mr. Morgan and he told me he got the  
16 envelopes and I should pay it because that  
17 was the time I mentioned to you, there was  
18 an account at the Bank of Nova Scotia. When  
19 the company was opened or started, a bank  
20 account was opened at the Bank of Nova Scotia  
21 and the bank account at the beginning was under  
22 my control. Mr. Morgan gave me the invoice,  
23 told me to pay it, which I did.

24 161 Q. What was the nature of the business  
25 carried on by Associated Canadian Holdings  
26 Limited?

27 A. Associated Canadian Holdings Limited  
28 was in the investment business.  
29

30 162 Q. Why would it need 120,000 envelopes?

1 A. I answered you before. I did not know.  
2 I didn't order them.

3 163 Q. Who ordered them?

4 A. I must assume Mr. Morgan. He gave  
5 me the invoice.

6 164 Q. I would like to show you a cheque  
7 dated September 18th 1963, photostatic copy  
8 of cheque which I would enter as Exhibit 5.  
9 Did you sign this cheque?

10 A. I stated I got the invoice, approved  
11 it, and I sent out the cheque. Therefore that  
12 must be it.

13 165 Q. Did you ever ask why Associated  
14 Canadian Holdings Limited required 120,000  
15 envelopes?

16 A. No, I did not.

17 166 Q. Do you know any reason why Associated  
18 Canadian Holdings Limited might have required  
19 120,000 envelopes?

20 A. I don't know any reason.

21 MR. POMERANT: May I ask you this,  
22 Mr. Kapp. Were there any transactions that  
23 went through Associated Canadian Holdings  
24 Limited that you knew nothing about?

25 THE DEPONENT: There were many  
26 transactions that went through Associated  
27 Canadian Holdings Limited for which I knew  
28 nothing about. One of them we referred to was  
29 the Dale transaction which I found out later  
30



1 after it had been done.

2  
3 BY MR. BAIRD:

4 167 Q. Now, Mr. Kapp, I understand that  
5 Associated Canadian Holdings Limited paid the  
6 sum of \$750,000.00 to Commodore Business Machines  
7 on July 10th 1963. Why was this done?

8 A. Mr. Morgan represented to me that he  
9 had spoken to the Board of Directors -- not to  
10 the Board - to the members of the Board of  
11 Directors individually and that they were in  
12 favour of the transaction to purchase 100,000  
13 shares of a company called Five Wheels Limited  
14 and the transaction had to be put through  
15 immediately. He gave Commodore Business Machines  
16 a cheque for \$750,000.00 and through Associated  
17 Canadian Holdings Limited and the same day  
18 Commodore Business Machines issued a cheque  
19 for the same amount to Five Wheels Limited.

20 168 Q. What do you mean by Mr. Morgan gave  
21 Associated Canadian Holdings Limited \$750,000.00?

22 A. Associated got it somewhere. I assume  
23 they got it from Mr. Morgan, or one of his  
24 companies. He handled the transaction from one  
25 end to the other. I think we should continue  
26 this out. Subsequent to this, we had a  
27 directors' meeting at which Mr. Morgan represented  
28 that Commodore should buy those 100,000 shares.  
29

30 MR. POMERANT: This was after he

1 represented to you---

2 THE DEPONENT: After he represented to  
3 me that he had spoken to the members of the  
4 Board of Directors and everyone was in favour  
5 of the transaction. However, the Board of  
6 Directors did not -- of Commodore - did not  
7 see fit to go through with the transaction and  
8 Mr. Morgan then stated then "Fine, there will be  
9 no transaction. I will do the transaction  
10 through Associated Canadian Holdings Limited."  
11 Therefore Associated Canadian Holdings Limited  
12 took possession of the 100,000 shares of Five  
13 Wheels and cancelled the debt to Commodore.

14  
15 BY MR. BAIRD:

16 169 Q. Did you approve this transaction?

17 MR. POMERANT: On whose behalf?

18  
19 BY MR. BAIRD:

20 170 Q. On behalf of both Commodore Business  
21 Machines and Associated Canadian Holdings  
22 Limited.

23 MR. POMERANT: The entire transaction?

24 MR. BAIRD: Yes, I am asking.

25 MR. POMERANT: Every facet of this  
26 transaction?

27 MR. BAIRD: Yes.

28 MR. POMERANT: Deal with every facet,  
29 Mr. Kapp.  
30



1 THE DEPONENT: The transaction with  
2 Commodore Business Machines was not approved.  
3 I stated it had been represented to me that it  
4 had been, that it was in approval with the  
5 directors and therefore I physically accepted  
6 a cheque and issued a cheque at this for  
7 Commodore Business Machines.

8 MR. POMERANT: As a matter of fact,  
9 was there any other indication why Mr. Morgan  
10 had believed that this transaction would in  
11 fact be approved. I am referring to the  
12 announcement.

13 THE DEPONENT: Yes, as far as Five  
14 Wheels are concerned, Mr. Morgan -- Five  
15 Wheels went ahead and prepared a press release.  
16 As a matter of fact, the same day that we had  
17 a directors' meeting, an article appeared in  
18 the newspaper that the transaction had been  
19 transacted between Five Wheels and Commodore.  
20 However, as I stated, the Board of Directors  
21 did not approve of the transaction which  
22 supposedly was to take place and therefore  
23 Associated Canadian Holdings Limited took the  
24 stock. Now, that answers as far as Commodore  
25 and the extent of Associated Canadian Holdings,  
26 Limited. I also stated that Mr. Morgan handled  
27 the transaction and, as usual, he handled them  
28 from one end to the other.  
29  
30

1 BY MR. BAIRD:

2 171 Q. The loan was made in July 1963 and  
3 it appears that the share purchase was not  
4 effected until November 1963. What was the  
5 reason for the long gap in time?

6 A. I don't know. I can only answer you  
7 from the books I have in my possession which  
8 is Commodore Business Machines. The cheque  
9 was from A.C.H. and was received on July 10th  
10 1963. On July 10th 1963, Commodore Business  
11 Machines issued cheque number 81274 to Five  
12 Wheels Limited so it would appear that your  
13 November date, I cannot reconcile.

14 172 Q. The November date is the date the  
15 loan was cancelled.

16 MR. POMERANT: In what books?

17  
18 BY MR. BAIRD:

19 173 Q. Associated Canadian Holdings Limited  
20 to Commodore Business Machines.

21 A. Let me continue on. July 10th,  
22 cheque was received by Commodore. July 10th  
23 it was received. July 31st it was cancelled  
24 out.

25 174 Q. In the books of Commodore Business  
26 Machines?

27 A. Under the books of Commodore Business  
28 Machines. As I stated, I have nothing to do  
29 with any other books.  
30



1 MR. POMERANT: Have you anything to  
2 do with the books of Associated Canadian  
3 Holdings Limited?

4 THE DEPONENT: No, I have had nothing  
5 to do with the books of Associated Canadian  
6 Holdings Limited.

7  
8 BY MR. BAIRD:

9  
10 175 Q. How was the price of \$7.50 a share  
11 determined?

12 A. I believe I stated to you Mr. Morgan  
13 handled the transaction and I had nothing to  
14 do with it. I was told that the members of  
15 the Board of Directors of Commodore had approved  
16 it. He had discussed it with them and at that  
17 particular time, with all the members, I did not  
18 question the transaction, and it went out from  
19 Commodore. I still do not have reason to question  
20 it.

21 176 Q. You were a director of Associated  
22 Canadian Holdings Limited and Associated Canadian  
23 Holdings Limited ended up with the shares having  
24 paid \$7.50 a share?

25 A. I told you Mr. Morgan was running  
26 the company and I did not question him.

27 177 Q. You were not consulted concerning this  
28 transaction, and you did not approve the trans-  
29 action. Is that true?

30 A. That is true. When I heard of it, it

1 was all completed.

2 178 Q. Was there an option given to Commodore  
3 Business Machines to put those 100,000 Five  
4 Wheels shares to Associated Canadian Holdings  
5 Limited at a price of either \$7.50 per share if  
6 there were 100,000 shares and a price of \$3.75  
7 if there were 200,000 shares?

8 A. Was there an---?

9 179 Q. An option allowing Commodore Business  
10 Machines to put the shares to Associated  
11 Canadian Holdings Limited?

12 A. I don't know of any option. I think --  
13 I believe I have told you all I know about the  
14 transaction. In fact, Commodore did not make  
15 the transaction. Mr. Morgan made the transaction,  
16 put it through for Commodore, that Commodore  
17 Board of Directors did not approve it and the  
18 transaction was done by Associated Canadian  
19 Holdings Limited.

20 180 Q. On March 4th 1965, it appears that  
21 Associated Canadian Holdings Limited received  
22 4,000 shares of Atlantic Acceptance Corporation  
23 Limited from Hugo Oppenheimbank in Berlin and  
24 pledged those shares to Barrett, Goodfellow &  
25 Company. Were you aware of this?

26 A. Say this again? You are coming into  
27 something else. I don't recall such a trans-  
28 action.

29 181 Q. I understand Barrett, Goodfellow then  
30



1 advanced \$100,000.00 Canadian on the basis of  
2 the pledging of those shares. Were you involved  
3 in that transaction?

4 A. To whom?

5 182 Q. To Associated Canadian Holdings Limited.

6 A. I stated to you before I was not involved  
7 in the operations or the books of Associated  
8 Canadian Holdings Limited.

9 183 Q. I have also been advised on May 31st,  
10 Barrett, Goodfellow & Company delivered 3,000  
11 shares of Atlantic Acceptance Corporation Limited  
12 to someone. Were you involved, or did you  
13 receive those shares?

14 A. I did not.

15 184 Q. Do you know whether those shares were  
16 returned to the Hugo Oppenheimbank in Berlin?

17 A. I am not aware of any part of this  
18 transaction.

19 185 Q. The records of Associated Canadian  
20 Holdings Limited indicate that 90,000 shares of  
21 Commodore Business Machines were sold by  
22 Associated Canadian Holdings Limited to a person  
23 or company by name of Marklin of Germany, or  
24 Markle of Berlin. Do you know who Markle is?

25 A. No.

26 186 Q. Were you involved in this transaction?

27 A. No.

28 187 Q. Do you know anything of this transaction?

29 A. No.  
30

- 1 188 Q. Did you have anything to do with  
2 determining the sale price of the shares?  
3 A. I am not aware of the transaction.  
4 189 Q. Did you personally guarantee the  
5 account of Associated Canadian Holdings Limited  
6 with the Canadian Imperial Bank of Commerce?  
7 A. I guaranteed an account, yes, to the  
8 extent of \$50,000.00.  
9 190 Q. Were you called upon on your guarantee?  
10 A. There was a call for part of the  
11 guarantee.  
12 191 Q. How much did you pay the Canadian  
13 Imperial Bank of Commerce?  
14 A. Canadian Imperial Bank of Commerce  
15 gave me a release subsequent to the calling.  
16 192 Q. How much did you pay them?  
17 A. Nothing.  
18 193 Q. Did anyone else also guarantee the  
19 account?  
20 A. Yes.  
21 194 Q. Who else guaranteed the account?  
22 A. I believe Mr. Morgan, Mr. Wagman, and  
23 Mr. Tramiel.  
24 195 Q. I am advised that the Canadian Imperial  
25 Bank of Commerce was paid \$31,821.00. Can you  
26 tell me who paid this money to the bank?  
27 A. I don't know.  
28 196 Q. Do you know who paid?  
29 A. Not off hand. I did not.  
30



1 197 Q. I am advised that the person who  
2 paid off the account received 23,249 shares of  
3 Commodore Business Machines (Canada) Limited.  
4 Were you aware of this?

5 A. No, I am not. Clarkson should be  
6 able to give you the answer to those things.

7 198 Q. Mr. Kapp, I am advised that Associated  
8 Canadian Holdings Limited borrowed \$200,000.00  
9 from the British Mortgage & Trust Company in  
10 April 1964. Were you aware of this transaction?

11 A. Yes.

12 199 Q. Who were the parties to this loan?

13 A. Associated Canadian Holdings Limited  
14 borrowed \$200,000.00 from them.

15 200 Q. Why?

16 A. They needed money, I guess.

17 201 Q. What did they need the money for?

18 A. I don't know.

19 202 Q. Do you know what they used the money  
20 for?

21 A. No.

22 203 Q. Did you arrange this transaction?

23 A. I took care of the physical part.

24 I did not arrange the transaction.

25 204 Q. What do you mean by that?

26 A. I did not arrange it to British  
27 Mortgage. I only carried out part of it, or  
28 maybe the whole thing, I don't know. The physical  
29 part of the transaction.  
30

1 205 Q. I have a photostatic copy of a letter  
2 which appears to have been written by the British  
3 Mortgage & Trust Company to you dated April  
4 28th 1964, and I would enter this as Exhibit  
5 6. Did you receive the original of this letter?  
6 A. I did, I think.  
7

8 ---EXHIBIT NO. 6: Photostatic copy of letter from British  
9 Mortgage & Trust to M. Kapp dated  
10 April 28th 1964.

11 BY MR. BAIRD:

12 206 Q. Does this letter correctly set out the  
13 terms of the loan?

14 MR. POMERANT: He has already told you  
15 he didn't arrange the loan.

16 MR. BAIRD: I am asking---

17 MR. POMERANT: You are asking whether  
18 the letter indicates the correct terms of the  
19 loan.

20 MR. BAIRD: Yes.

21 MR. POMERANT: He has told you he did  
22 not arrange the loan.

23 THE DEPONENT: It isn't exactly carried  
24 out. It isn't the way the loan was carried out.

25  
26 BY MR. BAIRD:

27 207 Q. How was the loan carried out?

28 A. If I recall, British Mortgage received  
29 250,000 series B, Commodore as security.  
30



1 BY MR. BAIRD:

2 208 Q. You are referring to a debenture issued  
3 from Commodore Business Machines (Canada)  
4 Limited?

5 A. Item 1, yes. Item 2 I don't remember  
6 how many warrants of Commodore Business Machines  
7 were turned over to British Mortgage.

8 209 Q. How many warrants were attached to  
9 the 250,000 debenture, the \$250,000.00 debenture?

10 A. I don't recall. I would have to check.

11 210 Q. I am advised there were 25,000 warrants  
12 attached to the debenture?

13 A. It is possible it is correct. Item  
14 3 -- I don't know if the letter -- I don't  
15 remember if the letter to British Mortgage as  
16 a guide to buy from Associated \$50,000.00 worth  
17 of debentures under item 4. I don't believe  
18 that the loan was guaranteed by individuals  
19 to British Mortgage -- in any case, not by  
20 myself.

21 MR. POMERANT: Who arranged this  
22 loan, Mr. Kapp?

23 THE DEPONENT: I must assume Mr. Morgan.

24 MR. POMERANT: With whom did he arrange  
25 it?

26 THE DEPONENT: Mr. Gregory.

27 BY MR. BAIRD:

28 211 Q. Why were you involved in this  
29  
30

1 transaction?

2 MR. POMERANT: He didn't say that.

3 MR. BAIRD: He is involved in it. The  
4 letters are written to him and he wrote all the  
5 letters back.

6 THE DEPONENT: It is possible Mr.  
7 Wagman might have been away at that time. Again,  
8 if you check the record, it is possible he is  
9 away. I have, from time to time, carried out,  
10 or did certain transactions on behalf of  
11 Associated Canadian Holdings Limited when  
12 Mr. Wagman was not available.

13 MR. POMERANT: On whose instructions?

14 THE DEPONENT: Under the instructions  
15 of Mr. Morgan. The transactions always were  
16 arranged, I assume, by Mr. Morgan and normally  
17 carried out through Mr. Wagman, or his people,  
18 but there were a few transactions which were  
19 carried out through me because no one else was  
20 available.

21  
22 BY MR. BAIRD:

23 212 Q. Mr. Kapp, this letter indicates that  
24 you sent a letter to the British Mortgage &  
25 Trust Company on April 24th 1964. Is that  
26 correct?

27 A. It so indicates.

28 213 Q. Have you a copy of this letter?

29 A. No, I haven't got.  
30



1 214 Q. Do you know what was contained in  
2 this letter?

3 A. No, I don't know. I have been asked  
4 for that letter before. Unfortunately, nobody  
5 appears to have one.

6 215 Q. Why did you send this letter?

7 MR. POMERANT: On whose instructions  
8 did you send the letter?

9 MR. BAIRD: I am asking why he sent  
10 it, which I think is a proper question.

11 THE DEPONENT: Well, I have already  
12 stated, Mr. Baird, that those letters were sent  
13 to me and sent back by me in carrying out a  
14 transaction that had been arranged by again,  
15 I presume, to be by, I presume, Mr. Morgan,  
16 and Mr. Gregory, and of necessity, I have never  
17 been in Stratford in my life and I can't shout  
18 over the air and therefore I have to write  
19 letters.  
20

21 BY MR. BAIRD:

22 216 Q. It is possible you could use the  
23 telephone, Mr. Kapp?

24 A. It is possible too, at times, putting  
25 down certain technical facts, it is easier to  
26 use a letter.

27 MR. POMERANT: Did Mr. Gregory ever  
28 negotiate this loan with you, Mr. Kapp?  
29

30 THE DEPONENT: Not to my recollection.

1 BY MR. BAIRD:

2 217 Q. I would like to show you a photostatic  
3 copy of letter written by Associated Canadian  
4 Holdings Limited to Assistant Treasurer of  
5 British Mortgage & Trust Company dated May 22nd,  
6 1964. I would enter this as Exhibit 7.

7  
8 ---EXHIBIT NO. 7: Photostatic copy of letter written by  
9 Associated Canadian Holdings to  
10 British Mortgage & Trust dated May  
11 22nd 1964.

12 BY MR. BAIRD:

13 218 Q. Did you send this letter to British  
14 Mortgage & Trust Company?

15 A. Yes, I did send the letter and I  
16 think it outlined the point I said before.

17 MR. POMERANT: What was that point?

18 THE DEPONENT: I had, to my recollection,  
19 no personal guarantees had been given and that  
20 a letter gave him a right to purchase was given  
21 to apparently -- it is in here.

22  
23 BY MR. BAIRD:

24 219 Q. Did you deliver 18,750 share warrants  
25 to the British Mortgage & Trust Company?

26 A. I think it states for U.S. Please  
27 find enclosed the following collateral security  
28 for loan of \$200,000.00 made to us by your  
29 company under certificate number C-001 for  
30



1 \$200,000.00 7% convertible sinking fund debentures  
2 two certificates number C-002 7% convertible  
3 sinking fund debentures. I wrote the  
4 letter and signed it. If I wrote and signed it  
5 I said I would turn it over to them.

6 220 Q. When did Associated Canadian Holdings  
7 Limited purchase this debenture from Commodore  
8 Business Machines?

9 A. I must assume prior to Associated  
10 Canadian Holdings Limited pledging it to  
11 British Mortgage.

12 221 Q. Can you tell me what date that was?

13 A. I can't tell you.

14 222 Q. Can you tell me what happened to the  
15 remaining 6,250 share warrants which were  
16 issued under this debenture?

17 A. I must assume they are in the hands  
18 of Associated Canadian Holdings Limited.

19 223 Q. The books of account do not indicate  
20 what happened to those share warrants. Did you  
21 receive them?

22 A. No, I did not.

23 224 Q. Do you know who they were given to,  
24 or if they were given to someone?

25 A. I don't know. I can only assume they  
26 would be with Associated Canadian Holdings  
27 Limited. If they are not, I think you should  
28 speak to the people who had custody of the books  
29 and securities of the company.  
30

1 225 Q. Mr. Kapp, February 19th 1965 \$182,000.00  
2 was received from Barrett, Goodfellow & Company  
3 by Associated Canadian Holdings Limited. Do  
4 you know why that money was paid?

5 A. I don't know.

6 226 Q. Did you arrange for this money to be  
7 paid to Associated Canadian Holdings Limited?

8 A. No sir, I did not.

9 227 Q. Was this money paid to Associated  
10 Canadian Holdings Limited on your behalf?

11 A. No sir, it was not.

12 228 Q. Mr. Kapp, I would like to show you  
13 a list showing the schedule of shares of  
14 Commodore Business Machines held by Associated  
15 Canadian Holdings Limited as of December 31st,  
16 1964, and their location. I would enter that  
17 as Exhibit Number 8.

18  
19  
20 —EXHIBIT NO. 8: List showing schedule of shares of  
21 Commodore Business Machines held by  
22 Associated as of December 31st 1964.

23 BY MR. BAIRD:

24 229 Q. 13,000 shares in the possession of  
25 Eastern & Chartered Trust. Can you tell me  
26 why those shares were there?

27 A. I don't know off hand why they were  
28 there. They might have been there pending  
29 transfer. Eastern Trust is the transfer agent  
30



1 for Commodore Business Machines.

2 230 Q. Were they being transferred into the  
3 name of Associated Canadian Holdings Limited?

4 A. I didn't say. I say they might have  
5 been there pending.

6 231 Q. Do you know why they were there?

7 A. No, I don't know.

8 232 Q. There is also, the schedule states,  
9 21,500 shares held by H. Wagman and in brackets  
10 (M. Kapp). Can you tell me why Mr. Kapp,  
11 yourself, and Mr. Wagman had 21,500 shares of  
12 Commodore Business Machines?

13 A. I did not hold 21,500 shares of stock.

14 233 Q. Do you know why they were held by  
15 Mr. Wagman?

16 A. I don't know. He might have had  
17 them in the safe deposit box. There was a  
18 safe deposit box of Associated Canadian Holdings  
19 Limited to which both he and I had a key.  
20 Perhaps that is where the shares were. I  
21 don't know. I didn't have them.

22 234 Q. The statement indicates 25,000 shares  
23 with Adelaide Acceptance Corporation. Can  
24 you tell me why those shares were held by  
25 Adelaide Acceptance Corporation?

26 A. I can't tell you.

27 235 Q. Did you arrange for the shares to  
28 be held by Adelaide Acceptance Corporation?

29 A. No, I did not.  
30

1 236 Q. Were you aware of the fact they were  
2 held by Adelaide Acceptance?

3 A. I had been aware that the shares were  
4 in different hands but off hand I don't know  
5 that.

6 237 Q. The statement indicates 22,300 shares  
7 were in the possession of the Mercantile Bank  
8 of Canada. Can you tell me why those shares  
9 were there?

10 A. I believe Associated had made a loan  
11 with the Mercantile Bank. That might have been  
12 as security for the loan.

13 238 Q. Were those shares pledged with the  
14 Mercantile Bank as a result of a loan made to  
15 Associated Canadian Holdings Limited?

16 A. I would assume so.

17 239 Q. Do you know whether in fact they were  
18 there for that purpose?

19 A. I believe they were, yes.

20 240 Q. I have been advised they were pledged  
21 to secure a loan made to Jack Tramiel. Is that  
22 correct?

23 A. I was not aware.

24 241 Q. Next, there are 17,667 shares shown  
25 as being in the possession of N.G.K. Investments  
26 Limited. Can you tell me why those shares were  
27 in the possession of N.G.K. Investments Limited?

28 A. I cannot answer you. I don't know.  
29  
30



1 242 Q. Did you arrange for the shares to be  
2 in the possession of N.G.K.?

3 A. I did not.

4 243 Q. And the statement shows 42,725 shares  
5 were in the possession of British Mortgage &  
6 Trust Company. Were you aware that British  
7 Mortgage held 42,725 shares of Commodore Business  
8 Machines?

9 A. I was aware they were holding some  
10 shares.

11 244 Q. I understand there was a transaction  
12 in the spring of 1963 wherein Carman G. King,  
13 Douglas Annett -- how do you spell Annett?

14 A. A-n-n-e-t-t.

15 245 Q. C. Powell Morgan, Manfred Kapp,  
16 Harry Wagman, and William Walton, borrowed a  
17 total of \$500,000.00 from British Mortgage &  
18 Trust Company. Is that correct?

19 A. That is correct.

20 246 Q. Of this amount, you borrowed \$100,000.00?

21 A. That is correct.

22 247 Q. I am advised as security for that,  
23 there was a \$500,000.00 debenture of Commodore  
24 Business Machines pledged to British Mortgage &  
25 Trust Company. Is that correct?

26 A. That is correct.

27 248 Q. I understand for additional security,  
28 there was 42,725 shares of Commodore Business  
29 Machines pledged to British Mortgage & Trust  
30

1 Company. Is that correct?  
2 A. I believe so.  
3 249 Q. Who owned those shares?  
4 A. I must assume Associated Canadian  
5 Holdings Limited.  
6 250 Q. This was before Associated Canadian  
7 Holdings Limited was incorporated.  
8 A. Is it? I don't know.  
9 251 Q. It is. I have been advised. I will  
10 give you the date.  
11 A. What is the date of the debenture?  
12 252 Q. The date of incorporation?  
13 A. The loan of British Mortgage.  
14 253 Q. I said April 1963. Associated Canadian  
15 Holdings Limited was not incorporated until  
16 June 1963.  
17 A. June 1963.  
18 254 Q. This transaction, I am advised took  
19 place in April or May 1963. The question I  
20 want answered is -- who owned those shares?  
21 A. If it is prior to Associated Canadian  
22 Holdings, I exactly couldn't tell you. The  
23 loan was arranged by Mr. Morgan as security  
24 before in order -- he had my shares and other  
25 shares in his possession and exactly whose  
26 shares they would be, I don't know. They would  
27 be probably part of the ---  
28 255 Q. Were some of those your shares, the  
29 42,725? Were some of them yours?  
30



- 1 A. I don't know.
- 2 256 Q. Who had possession of the shares before
- 3 they were delivered to British Mortgage & Trust
- 4 Company?
- 5 A. I think I had stated to you before.
- 6 257 Q. I am speaking of this particular
- 7 42,725?
- 8 A. I stated to you before that Mr.
- 9 Morgan arranged this loan and whatever security
- 10 was put in, and he gave also additional
- 11 security because his way of dealing and doing
- 12 started way before Associated Canadian Holdings
- 13 Limited so if that transaction took place
- 14 before, it is not clear to my mind, but he
- 15 had the shares and if they were mine, or his,
- 16 I don't know. I must assume that at a later
- 17 date, I got the shares which were supposedly
- 18 coming to me from Associated Canadian Holdings
- 19 Limited so that the shares belonging to me must
- 20 have been turned over to Associated. However,
- 21 he arranged the loan and he gave the security.
- 22 Exactly, I don't know.
- 23 258 Q. Do you know whether the 42,725 shares
- 24 shown on this list are the same shares which
- 25 were pledged to British Mortgage & Trust Company
- 26 for their loan?
- 27 A. It is possible.
- 28 259 Q. Do you know whether in fact they are?
- 29
- 30

1 A. I think they are.

2 260 Q. I am also advised that N.G.K. Investments  
3 Limited pledged 17,667 shares of Commodore  
4 Business Machines to British Mortgage & Trust  
5 Company as security for a loan. Do you know  
6 whether those are the same shares as are shown  
7 in this list as being held by N.G.K. Investments  
8 Limited?

9 A. I cannot answer you for N.G.K. I am  
10 not at all familiar with that business or  
11 transaction.

12 MR. BAIRD: Those are all the questions  
13 I have. I would like to adjourn this examination  
14 sine die.

15  
16  
17  
18 I hereby certify the foregoing to be  
19 the examination of MANFRED KAPP, under Section 121 of  
20 the Bankruptcy Act, taken in shorthand before me on the  
21 6th day of January, 1966.

22 Certified correct:

23  
24 *Jean Bert*

25  
26 Chartered Shorthand Reporter

*Peter W. McHugh*

27 SPECIAL EXAMINER







ROYAL COMMISSION  
ON  
ATLANTIC ACCEPTANCE CORPORATION LIMITED  
EXHIBIT No. ....

PER..... REGISTRAR..... DATE.....

Preservation of this documentation was funded in February 2022 by:  
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The complete list of donors as of March 11, 2022 is included here, as typed on  
a 1960 Commodore Educator typewriter.

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